

1                                   **ALLOCATION OF SALES TAX TO SPECIES**

2   **PROTECTION ACCOUNT**

3   1998 GENERAL SESSION

4   STATE OF UTAH

5   **Sponsor: Thomas Hatch**

6 AN ACT RELATING TO SALES AND USE TAX; TRANSFERRING \$1,500,000 OF STATE  
7 SALES AND USE TAX RECEIPTS EACH YEAR TO THE SPECIES PROTECTION  
8 ACCOUNT; MAKING TECHNICAL CHANGES; AND PROVIDING AN EFFECTIVE  
9 DATE.

10 This act affects sections of Utah Code Annotated 1953 as follows:

11 AMENDS:

12                   **59-12-103**, as last amended by Chapters 261 and 272, Laws of Utah 1997

13                   **63-49-22**, as last amended by Chapters 261 and 262, Laws of Utah 1997

14 *Be it enacted by the Legislature of the state of Utah:*

15                   Section 1. Section **59-12-103** is amended to read:

16                   **59-12-103. Sales and use tax base -- Rate -- Use of sales and use tax revenues.**

17                   (1) There is levied a tax on the purchaser for the amount paid or charged for the following:

18                   (a) retail sales of tangible personal property made within the state;

19                   (b) the amount paid to common carriers or to telephone or telegraph corporations, whether  
20 the corporations are municipally or privately owned, for:

21                   (i) all transportation;

22                   (ii) intrastate telephone service; or

23                   (iii) telegraph service;

24                   (c) gas, electricity, heat, coal, fuel oil, or other fuels sold for commercial use;

25                   (d) gas, electricity, heat, coal, fuel oil, or other fuels sold for residential use;

26                   (e) meals sold;

27                   (f) [(†)] admission or user fees for theaters, movies, operas, museums, planetariums, shows

1 of any type or nature, exhibitions, concerts, carnivals, amusement parks, amusement rides,  
 2 circuses, menageries, fairs, races, contests, sporting events, dances, boxing and wrestling matches,  
 3 closed circuit television broadcasts, billiard or pool parlors, bowling lanes, golf and miniature golf,  
 4 golf driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails,  
 5 tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises,  
 6 horseback rides, sports activities, or any other amusement, entertainment, recreation, exhibition,  
 7 cultural, or athletic activity;

8 ~~[(ii) the tax imposed on admission or user fees in Subsection (1)(f)(i) does not affect an~~  
 9 ~~entity's sales tax exempt status under Section 59-12-104.1;]~~

10 (g) services for repairs or renovations of tangible personal property or services to install  
 11 tangible personal property in connection with other tangible personal property;

12 (h) except as provided in Subsection 59-12-104(8), cleaning or washing of tangible  
 13 personal property;

14 (i) tourist home, hotel, motel, or trailer court accommodations and services for less than  
 15 30 consecutive days;

16 (j) laundry and dry cleaning services;

17 (k) leases and rentals of tangible personal property if:

18 (i) the property situs is in this state~~[-if];~~

19 (ii) the lessee took possession in this state~~[-];~~ or [if]

20 (iii) the property is stored, used, or otherwise consumed in this state; and

21 (l) tangible personal property stored, used, or consumed in this state.

22 (2) Except for Subsection (1)(d), the rates of the tax levied under Subsection (1) shall be:

23 (a) 5% through June 30, 1994;

24 (b) 4.875% beginning on July 1, 1994 through June 30, 1997; and

25 (c) 4.75% beginning on July 1, 1997.

26 (3) The rates of the tax levied under Subsection (1)(d) shall be 2% from and after January  
 27 1, 1990.

28 (4) (a) From January 1, 1990, through December 31, 1999, there shall be deposited in an  
 29 Olympics special revenue fund or funds as determined by the Division of Finance under Section  
 30 51-5-4, for the use of the Utah Sports Authority created under Title 63A, Chapter 7, Utah Sports  
 31 Authority Act:

1 (i) the amount of sales and use tax generated by a 1/64% tax rate on the taxable items and  
2 services under Subsection (1);

3 (ii) the amount of revenue generated by a 1/64% tax rate under Section 59-12-204 or  
4 Section 59-12-205 on the taxable items and services under Subsection (1); and

5 (iii) interest earned on the amounts under Subsections (4)(a)(i) and (ii).

6 (b) These funds shall be used:

7 (i) by the Utah Sports Authority as follows:

8 (A) to the extent funds are available, to transfer directly to a debt service fund or to  
9 otherwise reimburse [tø] the state for any amount expended on debt service or any other cost of  
10 any bonds issued by the state to construct any public sports facility as defined in Section  
11 63A-7-103; and

12 (B) to pay for the actual and necessary operating, administrative, legal, and other expenses  
13 of the Utah Sports Authority, but not including protocol expenses for seeking and obtaining the  
14 right to host the Winter Olympic Games; ~~[and]~~ or

15 ~~[(C) the Utah Sports Authority may not expend, loan, or pledge in the aggregate more than  
16 \$59,000,000 of sales and use tax deposited into the Olympics special revenue fund under  
17 Subsection (4)(a) unless the Legislature appropriates additional funds from the Olympics special  
18 revenue fund to the Utah Sports Authority; or]~~

19 (ii) to pay salary, benefits, or administrative costs associated with the State Olympic  
20 Coordinator under Subsection 63A-10-103(3), except that the salary, benefits, or administrative  
21 costs may not be paid from the sales and use tax revenues generated by municipalities or counties  
22 and deposited under Subsection (4)(a)(ii).

23 (c) A payment of salary, benefits, or administrative costs under Subsection 63A-10-103(3)  
24 is not considered an expenditure of the Utah Sports Authority.

25 (d) (i) The Utah Sports Authority may not expend, loan, or pledge in the aggregate more  
26 than \$59,000,000 of sales and use tax deposited into the Olympics special revenue fund under  
27 Subsection (4)(a) unless the Legislature appropriates additional funds from the Olympics special  
28 revenue fund to the Utah Sports Authority.

29 ~~[(d)]~~ (ii) If the Legislature appropriates additional funds under Subsection ~~[(4)(b)(i)(C)]~~  
30 (4)(d)(i), the authority may not expend, loan, pledge, or enter into any agreement to expend, loan,  
31 or pledge the appropriated funds unless the authority:

1            [(i)] (A) contracts in writing for the full reimbursement of the monies to the Olympics  
2 special revenue fund by a public sports entity or other person benefitting from the expenditure; and

3            [(ii)] (B) obtains a security interest that secures payment or performance of the obligation  
4 to reimburse.

5            [(e)] (iii) A contract or agreement entered into in violation of this Subsection (4)(d) is void.

6            [(f)] (e) Any monies in the Olympics special revenue fund or funds as of October 1, 2002,  
7 shall be dispersed as follows:

8            (i) 50% shall be deposited into the General Fund; and

9            (ii) 50% shall be distributed to counties, cities, or towns in proportion to the sales and use  
10 taxes generated by the county, city, or town and deposited under Subsection (4)(a)(ii).

11            (5) [(a)] From July 1, 1997, the annual amount of sales and use tax generated by a [~~1/8%~~]  
12 1/16% tax rate on the taxable items and services under Subsection (1) shall be used for water,  
13 wastewater, or species protection projects as follows:

14            [(i) ~~50% shall be used for water and wastewater projects as provided in Subsections (5)(b)~~  
15 ~~through (f); and~~]

16            [(ii) ~~50% shall be used for transportation projects as provided in Subsections (5)(g)~~  
17 ~~through (h).~~]

18            [(b)] (a) Five hundred thousand dollars each year shall be transferred to the Agriculture  
19 Resource Development Fund created in Section 4-18-6.

20            (b) One hundred thousand dollars each year shall be transferred as dedicated credits to the  
21 Division of Water Rights to cover the costs incurred in hiring legal and other technical staff for  
22 the adjudication of water rights. Any remaining balance at the end of each fiscal year shall lapse  
23 as follows:

24            (i) 50% to the Water Resources Conservation and Development Fund created in Section  
25 73-10-24;

26            (ii) 25% to the Utah Wastewater Loan Program subaccount created in Section 73-10c-5;  
27 and

28            (iii) 25% to the Drinking Water Loan Program subaccount created in Section 73-10c-5.

29            (c) Effective July 1, 1998, through June 30, 2004, \$1,500,000 each year shall be  
30 transferred to the Species Protection Account created in Section 63-34-14.

31            [(e)] (d) Fifty percent of the remaining amount generated by [~~50% of~~] the [~~1/8%~~] 1/16%

1 tax rate shall be transferred to the Water Resources Conservation and Development Fund created  
2 in Section 73-10-24 for use by the Division of Water Resources. In addition to the uses allowed  
3 of the fund under Section 73-10-24, the fund may also be used to:

4 (i) provide a portion of the local cost share, not to exceed in any fiscal year 50% of the  
5 funds made available to the Division of Water Resources under this section, of potential project  
6 features of the Central Utah Project;

7 (ii) conduct hydrologic and geotechnical investigations by the Department of Natural  
8 Resources in a cooperative effort with other state, federal, or local entities, for the purpose of  
9 quantifying surface and ground water resources and describing the hydrologic systems of an area  
10 in sufficient detail so as to enable local and state resource managers to plan for and accommodate  
11 growth in water use without jeopardizing the resource;

12 (iii) fund state required dam safety improvements; and

13 (iv) protect the state's interest in interstate water compact allocations, including the hiring  
14 of technical and legal staff.

15 ~~[(d)]~~ (e) Twenty-five percent of the remaining amount generated by ~~[50% of]~~ the ~~[1/8%]~~  
16 1/16% tax rate shall be transferred to the Utah Wastewater Loan Program subaccount created in  
17 Section 73-10c-5 for use by the Water Quality Board to fund wastewater projects as defined in  
18 Section 73-10b-2.

19 ~~[(e)]~~ (f) Twenty-five percent of the remaining amount generated by ~~[50% of]~~ the ~~[1/8%]~~  
20 1/16% tax rate shall be transferred to the Drinking Water Loan Program subaccount created in  
21 Section 73-10c-5 for use by the Division of Drinking Water to:

22 (i) provide for the installation and repair of collection, treatment, storage, and distribution  
23 facilities for any public water system, as defined in Section 19-4-102;

24 (ii) develop underground sources of water, including springs and wells; and

25 (iii) develop surface water sources.

26 ~~[(f) Notwithstanding Subsections (5)(b), (c), (d), and (e), \$100,000 of the remaining~~  
27 ~~amount generated by 50% of the 1/8% tax rate each year shall be transferred as dedicated credits~~  
28 ~~to the Division of Water Rights to cover the costs incurred in hiring legal and other technical staff~~  
29 ~~for the adjudication of water rights. Any remaining balance at the end of each fiscal year shall~~  
30 ~~lapse back to the contributing funds on a prorated basis.]~~

31 ~~[(g) Fifty percent of the 1/8% tax rate shall be transferred to the class B and class C roads~~

1 account to be expended as provided in Title 27, Chapter 12, Article 11, Finances, except as  
2 provided in Subsection (5)(h):]

3       ~~[(h) (i) If H.B. 53, "Transportation Corridor Preservation," passes in the 1996 General  
4 Session, \$500,000 each year shall be transferred to the Transportation Corridor Preservation  
5 Revolving Loan Fund, and if H.B. 121, "State Park Access Roads," passes in the 1996 General  
6 Session, from July 1, 1997, through June 30, 2006, \$500,000 shall be transferred to the Department  
7 of Transportation for the State Park Access Highways Improvement Program. The remaining  
8 amount generated by 50% of the 1/8% tax rate shall be transferred to the class B and class C roads  
9 account.]~~

10       ~~[(ii) At least 50% of the money transferred to the Transportation Corridor Preservation  
11 Revolving Loan Fund under Subsection (5)(h)(i) shall be used to fund loan applications made by  
12 the Department of Transportation at the request of local governments.]~~

13       (6) From July 1, 1997, the annual amount of sales and use tax generated by a 1/16% tax  
14 rate on the taxable items and services under Subsection (1) shall be used for transportation projects  
15 as follows:

16       (a) Five hundred thousand dollars each year shall be transferred to the Transportation  
17 Corridor Preservation Revolving Loan Fund created in Section 27-12-103.6. At least 50% of this  
18 amount shall be used to fund loan applications made by the Department of Transportation at the  
19 request of local governments.

20       (b) Five hundred thousand dollars each year shall be transferred to the Department of  
21 Transportation for the State Park Access Highways Improvement Program created in Section  
22 27-12-23.11.

23       (c) The remaining amount generated by the 1/16% tax rate shall be transferred to the class  
24 B and class C roads account to be expended as provided in Title 27, Chapter 12, Article 11,  
25 Finances.

26       ~~[(6)]~~ (7) (a) Beginning on January 1, 2000, the Division of Finance shall deposit into the  
27 Centennial Highway Trust Fund created in Section 63-49-22 a portion of the state sales and use  
28 tax under Subsections (2) and (3) equal to the revenues generated by a 1/64% tax rate on the  
29 taxable items and services under Subsection (1).

30       (b) Beginning on January 1, 2000, the revenues generated by the 1/64% tax rate:

31       (i) retained under Subsection 59-12-204(7)(a) shall be retained by the counties, cities, or

1 towns as provided in Section 59-12-204; and

2 (ii) retained under Subsection 59-12-205(4)(a) shall be distributed to each county, city, and  
3 town as provided in Section 59-12-205.

4 (8) The tax imposed on admission or user fees in Subsection (1)(f) does not affect an  
5 entity's sales tax exempt status under Section 59-12-104.1.

6 Section 2. Section **63-49-22** is amended to read:

7 **63-49-22. Centennial Highway Trust Fund.**

8 (1) There is created an expendable trust fund entitled the Centennial Highway Trust Fund.

9 (2) The fund consists of monies generated from the following revenue sources:

10 (a) any voluntary contributions received for the construction, major reconstruction, or  
11 major renovation of state or federal highways;

12 (b) appropriations made to the fund by the Legislature;

13 (c) registration fees designated under Subsection 41-1a-1201(6); and

14 (d) the sales and use tax amounts provided for in Subsection 59-12-103[(6)](7).

15 (3) (a) The fund shall earn interest.

16 (b) All interest earned on fund monies shall be deposited into the fund.

17 (4) The executive director may use fund monies, as prioritized by the Transportation  
18 Commission, only to pay the costs of construction, major reconstruction, or major renovation to  
19 state and federal highways.

20 Section 3. **Effective date.**

21 This act takes effect on July 1, 1998.

**Legislative Review Note**  
**as of 11-20-97 3:32 PM**

A limited legal review of this bill raises no obvious constitutional or statutory concerns.

**Office of Legislative Research and General Counsel**

**Committee Note**

The Natural Resources, Agriculture, and Environment Interim Committee recommended this bill.